

## Renewable energy: the new frontier

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**W**ith record-high energy prices this summer, it's no wonder that interest in USDA's Renewable Energy and Energy Efficiency grants and loan program is soaring. Under this program, USDA Rural Development has been allocated \$22.8 million to help farmers, ranchers and small rural businesses promote innovative renewable energy development and energy efficiency projects.

Enhancing our energy diversity and efficiency is a key goal of the Bush Administration, and will provide an opportunity to strengthen both our national security and the rural economy. USDA Rural Development is playing a major role in helping to reach this goal by funding a wide range of technologies allowed under this program. They include: bioenergy and biomass (including anaerobic digesters), geothermal, hydrogen, solar and wind energy, as well as energy efficiency improvements.

Agriculture Secretary Mike Johanns calls renewable energy "an exciting growth frontier for American agriculture" as the nation strives forward in implementing an innovative energy policy, and I heartily agree.

The program, now in its third year, was created by Section 9006 of the 2002 Farm Bill. About \$11.5 million, half the funds available, will soon be awarded as competitive grants. By the

time the grant application deadline ended earlier this summer, we had received over 360 applications requesting more than \$60 million – about double the number of requests received the previous year.

These grant requests are being carefully evaluated by teams of experts from the Department of Energy and our own Rural Development State Offices who will eventually select the most promising projects.

Renewable energy grant applications may be made for a minimum of \$2,500 and a maximum of \$500,000. Energy efficiency grant applications may range from \$2,500 to \$250,000. The grant request may not exceed 25 percent of the eligible project cost.

If your grant request isn't funded this year, or if you are now contemplating a new project, keep in mind that applications for 2006 funds will be accepted beginning October 1.

The process is highly competitive, so the more time you spend developing a solid project plan that shows a strong likelihood of success and which will benefit the rural economy in your area, the better your chances of funding.

The second \$11.5 million available in FY 2005 for this program has been reserved by USDA to support guaranteed loans until August 31, 2005. These funds can generate about \$200 million in loan guarantees. As with USDA Rural Development's other guaranteed loan programs, project developers will work with a local lender, who in turn can apply to USDA Rural Development for a loan



*Ethanol production is booming in the United States.*

guarantee. Any of the second \$11.5 million not obligated to support loan guarantees will be awarded as grants.

Loans may be for up to 50 percent of the project's cost, with a maximum of \$10 million per project. Deadline for the agency to obligate funds for a loan guarantee is Aug. 31, 2005. Rural Development can accept FY 2006 applications beginning Oct. 1, 2005 for both loan guarantees and grants. However, FY 2006 budgets and funding are not yet available.

For more information on the renewable energy and energy efficiency program, please visit our Web site: <http://www.rurdev.usda.gov/rbs/farmbill/index.html>. Or, you can be connected to your USDA Rural Development state office by calling (202) 720-4323 or via links from our Internet home page: [www.rurdev.gov](http://www.rurdev.gov).

To date, the Bush administration has invested nearly \$45 million in 32 states through this program.

It is very encouraging to see how innovative our nation's farmers, ranchers and small business owners are in adapting new technology in so many ways to meet the nation's energy needs. The old saying, "where there's a will, there's a way" certainly seems to hold true on the new frontier of agri-energy. Working with this program for the past two years has strengthened my belief that it's not a matter of *if*, but a matter of *when* and *how* our nation will become energy self-sufficient once again. ■